

LEGAL UPDATES

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The Data Center Reckoning Is Coming to Your State: Wisconsin Just Showed You What It Looks Like

The AI boom has turned data centers into some of the most consequential—and contested—infrastructure projects in America. States are racing to attract them. Communities are pushing back. Legislators are scrambling to catch up. And no one has yet figured out how to write the rules.

Wisconsin just tried. In a single legislative session, the state introduced four major bills covering everything from utility cost allocation to environmental standards to NDA bans. None became law. The session ended in a deadlock. And that outcome—a legislature that recognized the urgency of the problem but could not resolve it—is almost certainly not unique to Wisconsin.

For data center developers, operators, investors, and utilities operating across multiple jurisdictions, Wisconsin's experience is not a local story. It is a preview of what is coming everywhere.

Why Wisconsin, and Why Now?

Wisconsin is not an outlier—it is an early mover. With a favorable climate, available land, reliable power infrastructure, and a tax exemption program administered through the state's economic development authority, it has attracted dozens of data center facilities and a growing AI-driven pipeline. That made it one of the first states where the political backlash caught up to the investment boom.

The trigger was transparency. In communities across the state—Beaver Dam, Kenosha, Janesville, Menomonie, and the town of Beloit—developers and local officials signed nondisclosure agreements before residents had any idea major AI data center projects were being planned. When those deals came to light, the political fallout was swift. In Menomonie, community opposition was fierce

enough that the city council passed an ordinance blocking a proposed \$1.6 billion project outright.

That backlash drove four legislative responses, and the collision between them illustrates exactly the fault lines that will define data center policy debates in state after state.

Four Bills, Four Visions, Zero Enactments

The Ratepayer and Utility Bill (AB-840/SB-843) was the session's most consequential proposal. Authored by Republican legislators, it aimed to ensure the massive energy infrastructure costs driven by data centers are borne by the facilities themselves—not passed to residential ratepayers through higher utility bills. It would have required on-site renewable energy, closed-loop cooling, annual water usage reporting, and reclamation bonding for large facilities.

It passed the Assembly 53-44 and cleared its Senate committee 3-2. Then it died—without a Senate floor vote—when the chamber adjourned. The reason it stalled is instructive: the on-site renewable energy provision managed to unite environmentalists, utilities, labor, and the data center industry in opposition simultaneously. A bill that no major constituency supports cannot advance, regardless of its merits.

The Democratic Alternative (AB-722/SB-729) went further, conditioning eligibility for state tax exemptions on sourcing at least 70% of energy from renewables and meeting labor standards. It did not advance under a Republican-controlled legislature. But the collapse of AB-840 signals that any bill that reaches a governor's desk in a future session will need to address clean energy more credibly than the Republican bill did.

The NDA Prohibition Bill (AB-1036/SB-969) was the session's most bipartisan proposal, and it is the most directly exportable to other states. It would bar developers and local governments alike from signing confidentiality agreements that conceal data center projects from the public, while preserving a trade secret carve-out for genuinely proprietary information. The Senate committee approved it 4-1 on a bipartisan vote. Then the session ended before it received a floor vote. It will almost certainly be reintroduced—and the industry should not count on being able to stop it next time.

The Moratorium Bill (AB-1099) would have halted all new data center development until the legislature enacted comprehensive standards covering energy, water, community referendums, and environmental safeguards. It did not advance under the current Republican majority. But the session's failure to enact any regulation has given the moratorium's proponents a stronger argument: if the legislature cannot act, perhaps the default should be to pause while it figures things out.

What This Means If You're Operating in Multiple States

Wisconsin's deadlock has a clear national lesson: the regulatory window is closing, the policy debates are intensifying, and operators who treat state legislative activity as background noise are taking on real risk.

Transparency practices are becoming legally vulnerable. NDA ban legislation is not a Wisconsin phenomenon. Minnesota's House advanced a similar bill. Florida's legislature considered one before industry lobbying had it removed. The political logic behind these bills is simple, resonant, and difficult to oppose: communities have a right to know before developers lock in deals with their local officials. Operators relying on pre-development NDAs to manage site selection across multiple states should audit those practices now, before legislation compels it.

Renewable energy sourcing strategies are under scrutiny in ways they weren't two years ago. Whether through on-site requirements, percentage thresholds tied to tax incentives, or community pressure independent of law, the terms on which large data centers source power are becoming a central political and regulatory issue. Off-site renewable energy credits are unlikely to satisfy either legislatures or communities in the next round. Developers need to model their projects against a range of possible energy sourcing mandates—not just the law as it currently stands.

Ratepayer protection is a bipartisan issue. The concern that billion-dollar data centers are effectively subsidized by ordinary utility customers is not a partisan talking point—it is a politically potent grievance that crosses party lines. Legislators who cannot agree on anything else can agree on that. Operators and developers should expect ratepayer protection provisions to reappear in some form in virtually every state that takes up data center regulation.

Reclamation bonds and permit obligations will follow. The financing and operational implications of mandatory reclamation bonding need to be modeled before projects reach financial close—not after a new law creates a surprise closing condition.

The legislative engagement window is open right now. Wisconsin's session ended without a law, which means the next round of bill drafting has not yet begun. The same is true in most states that are watching Wisconsin's experience. The operators, developers, and utilities that engage early—in shaping the bills, not reacting to them—will have a fundamentally different experience than those that wait.

The Bottom Line

Wisconsin did not resolve its data center policy debate. It defined the terms of it. The issues that drove four competing bills—who pays for energy infrastructure, what environmental conditions apply, what communities are entitled to know, and what happens to the land if a project fails—are not Wisconsin-specific. They are the organizing questions of data center policy in the AI era, and they are already arriving at state capitols from Georgia to Arizona to Minnesota.

Every state that takes up this debate will face the same fault lines Wisconsin exposed: ratepayers versus developers, transparency versus competitive secrecy, renewable mandates versus operational practicality, and community control versus investment urgency. Wisconsin did not resolve those tensions, but it mapped them with unusual clarity. For the industry, that map is the most valuable thing to come out of this session. The developers, operators, and investors who study it, plan against it, and engage early in their own jurisdictions will write the rules. Everyone else will have to live by them.

Contact Us

If you have any questions regarding data center development, energy contracting, or regulatory compliance across multiple jurisdictions, please contact Rodney Carter or your Husch Blackwell Attorney.